



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

September 11, 2007

Polk County Executive and
Board of County Commissioners
Polk County, Tennessee

To the County Executive and County Commissioners:

In conjunction with the annual audit of Polk County, we have performed a limited review of the information systems in the Offices of County Executive, Highway Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff as of September 6, 2007. This letter transmits the results of our review.

Our audit of Polk County is required to be conducted in accordance with standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards specify that we perform general and application control reviews of computer-based accounting and information systems to determine whether an entity's existing procedures and controls provide adequate assurance of data accuracy and financial and operating statement reliability.

Because of inherent limitations in any internal control structure, errors, irregularities, or control weaknesses may exist and may not be detected. However, our information system reviews performed in the Offices of County Executive, Highway Superintendent, and Register did not reveal any matters that we considered to be a significant deficiency. Significant deficiencies were identified in the Offices of Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Sheriff. These deficiencies may be included in the annual financial report of Polk County. These matters are also presented in detail in the attached Review of Internal Controls Regarding Information System Operations – Findings and Recommendations.

A brief summary of the significant deficiencies by office is presented below:

DIRECTOR OF SCHOOLS

1. The office had deficiencies in computer system back-up procedures.

TRUSTEE

1. The office did not review software audit logs.

COUNTY CLERK

1. The office did not review software audit logs.

CIRCUIT AND GENERAL SESSIONS COURTS CLERK

1. The office had deficiencies in computer system back-up procedures.
2. Controls over access to computer resources were inadequate.
3. The office did not review software audit logs.

CLERK AND MASTER

1. The office did not review software audit logs.

SHERIFF

1. Controls over access to computer resources were inadequate.

Please contact Penny Austin, Assistant Director, or me if you have any questions regarding our review of the information systems in the aforementioned offices of Polk County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Harold Hood, Highway Superintendent
The Honorable James Jones, Director of Schools
The Honorable Patsy Jenkins, Trustee
The Honorable Angie Sanford, County Clerk
The Honorable Connie Clark, Circuit and General Sessions Courts Clerk
The Honorable Kimberley Ingram, Clerk and Master
The Honorable Donna Bramlett, Register
The Honorable Bill Davis, Sheriff
Mr. Carl Lowe, Mid-East Tennessee Audit Manager

POLK COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF SEPTEMBER 6, 2007

The review of controls over information systems in the Offices of Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Sheriff indicated a need for improvement. It should be noted that this was the first information system review performed in the Office of Sheriff. The following findings and recommendations have been made to aid these offices in the implementation of controls to better secure their computer systems and the information contained therein. These matters were reviewed with management to provide an opportunity for their response. Management offered oral responses to these items but did not submit written responses. We did not include oral responses in this report.

OFFICE OF DIRECTOR OF SCHOOLS

THE OFFICE HAD DEFICIENCIES
IN COMPUTER SYSTEM BACK-UP PROCEDURES

1. FINDING

The following weaknesses regarding computer system back-up procedures in the office were identified:

- A. System backups were not performed on a routine basis. Inadequate back-up procedures could result in the loss of data in the event of a hardware or software failure. Without current system backups, the cost of re-creating data could be substantial.
- B. Daily backups were not stored in a secure location. Unsecured access to system backups exposes the data to environmental hazards, as well as to possible sabotage.

RECOMMENDATION

Management should implement daily system back-up procedures. A backup labeled for each day of the week should be maintained. Management should store these backups in a secure, fireproof location.

OFFICE OF TRUSTEE

THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS

1. FINDING

The software application used by the office generates a daily log that displays changes made by users. Because this log provides the only audit trail of these changes, it should be reviewed daily. The office did not review this log. Without knowledge of system activity, errors and improper changes could occur and go undetected.

RECOMMENDATION

Management should review this log on a daily basis. Any unusual transactions should be investigated.

OFFICE OF COUNTY CLERK

THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS

1. FINDING

The software applications used by the office generate daily logs that display transaction changes made by users. Because these logs provide the only audit trail of these changes, they should be reviewed daily. The office did not review these logs. Without knowledge of system activity, errors and improper changes could occur and go undetected.

RECOMMENDATION

Management should review these logs on a daily basis. Any unusual transactions should be investigated.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACK-UP PROCEDURES

1. FINDING

The following weaknesses regarding computer system back-up procedures in the office were identified:

- A. System backups were not performed on a routine basis. Inadequate back-up procedures could result in the loss of data in the event of a hardware or software failure. Without current system backups, the cost of re-creating data could be substantial.
- B. Weekly and fiscal year-end backups were not performed. These backups would ensure the restoration of system data if problems occurred.
- C. System backups were not routinely stored off site. In the event of a disaster, all back-up data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.

RECOMMENDATION

Management should implement daily system back-up procedures. A backup labeled for each day of the week should be maintained. Management should store these backups in a secure, fireproof location. In addition to daily system backups, a weekly system backup should be performed, and two copies of this backup should be maintained. These backups should be rotated off site on a weekly basis. A complete systems backup should also be performed at fiscal year-end. These year-end backups should be stored off site and

retained indefinitely. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe-deposit box at a local bank.

**CONTROLS OVER THE ACCESS TO
COMPUTER RESOURCES WERE INADEQUATE**

2. FINDING

Access to the computer resources within the office was not sufficiently restricted. Unrestricted access to computer resources exposes the office to unauthorized data manipulation.

RECOMMENDATION

Access to computer resources should be restricted to those individuals whose documented job responsibilities authorize such access.

THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS

3. FINDING

The software application used by the office generates a daily log that displays changes made by users. Because this log provides the only audit trail of these changes, it should be reviewed daily. The office did not review this log. Without knowledge of system activity, errors and improper changes could occur and go undetected.

RECOMMENDATION

Management should review this log on a daily basis. Any unusual transactions should be investigated.

OFFICE OF CLERK AND MASTER

THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS

1. FINDING

The software application used by the office generates a daily log that displays transaction changes made by users. Because this log provides the only audit trail of these changes, it should be reviewed daily. The office did not review this log. Without knowledge of system activity, errors and improper changes could occur and go undetected.

RECOMMENDATION

Management should review this log on a daily basis. Any unusual transactions should be investigated.

OFFICE OF SHERIFF

RECOMMENDATION

1. CONTROLS OVER THE ACCESS TO COMPUTER RESOURCES SHOULD BE IMPROVED

Physical access to the computer resources in the office should be restricted to those individuals whose documented job responsibilities authorize such access. Therefore, management should implement access controls to protect the office's computer resources from unauthorized use.